



- Fortune 500

Telecommunications Company

- over 20,000 employees in 26 states

- Based in Little Rock, Arkansas with approximately 3,000 employees locally

Health Care

- Employees choose from several plans
- Carriers compete and employees pay more to participate in higher cost plans

Costs - Single Coverage

Single Coverage	Company Monthly Subsidy	Employee Monthly Contribution
PPO	\$220	\$80
HMO #1	\$220	\$75
HMO #2	\$220	\$42
HMO #3	\$220	\$30

Costs - Family Coverage

Family Coverage	Company Monthly Subsidy	Employee Monthly Contribution
PPO	\$545	\$324
HMO #1	\$545	\$317
HMO #2	\$545	\$164
HMO #3	\$545	\$190

Employer Subsidy

- ALLTEL subsidy based on ability to increase revenue to offset expense or as an offset to wage increase
- Subsidy reevaluated yearly

Rising Costs

- Changes in health care marketplace led to dramatic increases in costs since 1999
- In Little Rock, premiums rose an average of 16% per year since 1999
- Rate of premium increase over last 4 years is greater than 13% annual rate experienced in other locations

Maintaining Affordability

- ALLTEL currently offers 3 HMO options and a new PPO option
- Affordability ensured by increasing co-payments for office and ER visits as well as introducing hospital deductible
- Decreased costs by carving out Rx benefits and introducing 3-tier formulary

Hospital Affiliation

- In Little Rock, Baptist Hospital is accessed through enrollment in BlueCross PPO or HMO
- UAMS and St. Vincent's are affiliated with United HealthCare and QualChoice HMOs
- Arkansas Children's Hospital is available in every plan
- Arkansas Heart Hospital is available only through the PPO as an out-of-network provider

Educating Employees

- ALLTEL employees aware of accelerating health care costs
- Employees responded by moving to lower cost plans
- Employees chose lower costs plans over convenience and dropped dependent spouses with access to coverage through spouse's employer